

SENATE AMENDMENTS

2nd Printing

By: Oliverson, Bonnen, Collier, Canales,
Burrows, et al.

H.B. No. 18

A BILL TO BE ENTITLED

AN ACT

relating to establishment of the prescription drug savings program
for certain uninsured individuals.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. SHORT TITLE. This Act shall be known as "Texas
Cares."

SECTION 2. PRESCRIPTION DRUG SAVINGS PROGRAM. Subtitle C,
Title 2, Health and Safety Code, is amended by adding Chapter 65 to
read as follows:

CHAPTER 65. PRESCRIPTION DRUG SAVINGS PROGRAM FOR CERTAIN

UNINSURED INDIVIDUALS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 65.001. DEFINITIONS. In this chapter:

(1) "Enrollee" means an individual enrolled in the
program.

(2) "Fund" means the trust fund established under
Section 65.101.

(3) "Pharmacy benefit manager" has the meaning
assigned by Section 4151.151, Insurance Code.

(4) "Prescription drug" has the meaning assigned by
Section 551.003, Occupations Code.

(5) "Program" means the prescription drug savings
program established under this chapter.

(6) "Uninsured individual" means an individual

1 without health benefit plan coverage for a prescription drug
2 benefit.

3 Sec. 65.002. CONSTRUCTION OF CHAPTER; PURPOSE. (a) This
4 chapter does not establish an entitlement to assistance in
5 obtaining benefits for uninsured individuals.

6 (b) The purpose of this chapter is to establish a program to
7 provide uninsured individuals access to prescription drug benefits
8 using money from the fund to pay an amount equal to the value of a
9 prescription drug rebate at the point of sale and returning that
10 rebate amount to the fund to ensure the amounts credited to the fund
11 equal the amounts paid from the fund.

12 (c) This chapter does not expand the Medicaid program.

13 Sec. 65.003. RULES. The executive commissioner shall adopt
14 rules as necessary to implement this chapter.

15 SUBCHAPTER B. ESTABLISHMENT AND ADMINISTRATION OF PRESCRIPTION
16 DRUG SAVINGS PROGRAM

17 Sec. 65.051. ESTABLISHMENT OF PROGRAM. (a) The commission
18 shall develop and design a prescription drug savings program that
19 partners with a pharmacy benefit manager to offer prescription
20 drugs at a discounted rate to uninsured individuals.

21 (b) In developing and implementing the program, the
22 commission shall ensure the program benefits do not include
23 prescription drugs used for the elective termination of a
24 pregnancy.

25 (c) The executive commissioner shall ensure the program is
26 designed to provide the greatest possible value to uninsured
27 individuals served by the program, while considering the adequacy

1 of the prescription drug formulary, net costs of the drugs to
2 enrollees, cost to the state, and other important factors
3 determined by the commission.

4 Sec. 65.052. GENERAL POWERS AND DUTIES OF COMMISSION
5 RELATED TO PROGRAM. (a) The commission shall oversee the
6 implementation of the program and coordinate the activities of each
7 state agency involved in that implementation.

8 (b) The commission shall design the program to be cost
9 neutral by collecting prescription drug rebates after using money
10 in the fund in amounts equal to the rebate amounts to purchase
11 prescription drugs.

12 (c) The commission shall develop procedures for accepting
13 applications for program enrollment, including a process to:

14 (1) determine eligibility, screening, and enrollment
15 procedures that allow applicants to self attest to the extent
16 authorized by federal law; and

17 (2) resolve disputes related to eligibility
18 determinations.

19 (d) The commission shall publish on an Internet website all
20 average consumer costs for each prescription drug available through
21 the program.

22 (e) The commission and the contracted pharmacy benefit
23 manager shall integrate manufacturer and other third-party patient
24 assistance programs into the program to the extent feasible. A
25 manufacturer or other third party may decline to link the
26 manufacturer's or third party's patient assistance program to the
27 program. The commission shall give preference to integrating

1 patient assistance programs by listing information on those patient
2 assistance programs in a central location on the Internet website
3 described by Subsection (d) that directs patients to those patient
4 assistance programs as appropriate.

5 (f) The commission shall ensure the program has access to an
6 adequate pharmacy network and give preference to conducting the
7 program using a state pharmaceutical assistance program.

8 (g) The commission is not required to enter into stand-alone
9 contracts under this chapter. The commission may add the program,
10 wholly or partly, to existing contracts to increase efficiency.

11 Sec. 65.053. PHARMACY BENEFIT MANAGER CONTRACT,
12 MONITORING, AND REPORTING REQUIREMENTS. (a) The commission shall
13 contract with a pharmacy benefit manager to provide discounted
14 prescription drugs to enrollees under the program.

15 (b) The commission shall monitor through reporting or other
16 methods the contracted pharmacy benefit manager to ensure
17 performance under the contract and quality delivery of services.

18 (c) The contracted pharmacy benefit manager shall report to
19 the commission on the commission's request information related to
20 the program, including information on rebate amounts, prescription
21 drug rates contracted with pharmacies, administrative costs, and
22 out-of-pocket costs paid by enrollees at the point of sale of the
23 prescription drugs.

24 Sec. 65.054. CONTRACT FUNCTIONS. (a) The commission may
25 contract with a third-party administrator or other entity to
26 perform any or all program functions for the commission under this
27 chapter and may delegate decisions about the policies of the

program to the third-party administrator or other entity.

(b) A third-party administrator or other entity may perform tasks under a contract entered into under Subsection (a) that would otherwise be performed by the commission.

Sec. 65.055. COMMUNITY OUTREACH CAMPAIGN. The commission shall conduct or contract to conduct a community outreach and education campaign in the form and manner determined by the commission to provide information on the program's availability to eligible individuals.

SUBCHAPTER C. TRUST FUND; PROGRAM SUSPENSION

Sec. 65.101. ESTABLISHMENT OF FUND. (a) A trust fund is established outside the state treasury for the purposes of this chapter only if this state receives federal money that may be used for the purposes of this chapter and that federal money is directed to be deposited to the credit of the fund as provided by law.

(b) The fund consists of:

(1) gifts, grants, and donations received by this state for the purposes of the fund;

(2) legislative appropriations of money for the purposes of this chapter;

(3) federal money available to this state that by law may be used for the purposes of this chapter; and

(4) interest, dividends, and other income of the fund.

(c) The commission shall administer the fund as trustee for the benefit of the program established by this chapter.

(d) Money in the fund may be used only to administer the program and provide program services.

1 (e) The commission shall ensure money spent from the fund to
2 assist enrollees in purchasing prescription drugs is cost neutral
3 after collecting the prescription drug rebates under the program.

4 (f) The commission may solicit and accept gifts, grants, and
5 donations for the fund.

6 Sec. 65.102. FEDERAL MONEY REQUIRED. Notwithstanding any
7 other provision of this chapter, the commission may not implement
8 the program unless federal money is provided to this state and by
9 law made available for deposit to the credit of the fund.

10 Sec. 65.1025. INITIAL COSTS. (a) The commission may pay
11 the program's one-time start-up costs only with federal money in
12 the fund.

13 (b) This section expires September 1, 2025.

14 Sec. 65.103. SUSPENSION OF PROGRAM. On the fourth
15 anniversary of the date the program is established, the commission
16 shall suspend the program and seek legislative approval to continue
17 the program if the federal money in the fund available to be used
18 for the program's one-time start-up costs is depleted and the
19 ongoing costs of administering the program are not fully funded
20 through enrollee cost sharing.

21 SUBCHAPTER D. PROGRAM ELIGIBILITY AND ENROLLEE REQUIREMENTS

22 Sec. 65.151. ELIGIBILITY CRITERIA. (a) Except as provided
23 by Subsection (b), an individual is eligible for benefits under the
24 program if the individual is:

- 25 (1) a resident of this state;
26 (2) a citizen or lawful permanent resident of the
27 United States; and

1 (3) uninsured, as determined by the commission.

2 (b) If the commission determines necessary, the commission
3 may consider an applicant's financial vulnerability as an
4 additional factor for determining program eligibility.

5 Sec. 65.152. COST SHARING. (a) To the extent necessary,
6 the commission shall require enrollees to share the cost of the
7 program, including requiring enrollees to pay a copayment at the
8 point of sale of a prescription drug.

9 (b) The commission must:

10 (1) allow an enrollee to pay all or part of the
11 enrollee's share from any source the enrollee selects; and

12 (2) accept another assistance program if that
13 assistance program wholly or partly covers the enrollee share of
14 the prescription drug cost.

15 (c) The commission shall require an enrollee to pay a
16 copayment to compensate the pharmacy, pharmacy benefit manager, and
17 commission for the costs of administering the program in accordance
18 with Subsection (d) and under the methodology determined by the
19 commission.

20 (d) Enrollees shall pay the costs of ongoing administration
21 of the program through an additional charge at the point of sale of
22 an eligible prescription drug only if the total number of enrollees
23 in the program allows for the additional charge to be an amount not
24 to exceed the lesser of:

25 (1) \$4; or

26 (2) 10 percent of the total amount charged at the point
27 of sale for the prescription drug.

SUBCHAPTER E. OPERATION OF PROGRAM

Sec. 65.201. PROGRAM BENEFITS. The commission must approve program benefits offered under this chapter. The commission shall ensure the benefits comply with all applicable federal and state laws, rules, and regulations.

Sec. 65.202. REPORTING. (a) A third-party administrator, pharmacy benefit manager, or any other entity the commission contracts with under Section 65.054 shall report to the commission in the form and manner prescribed by the commission on the benefits and services provided under the program.

(b) The commission shall establish a procedure to monitor the provision of benefits and services under this chapter.

Sec. 65.203. FRAUD PREVENTION. The executive commissioner by rule shall develop and implement fraud prevention and detection for pharmacy benefit managers, contracted third parties, and other entities involved in the program.

Sec. 65.204. ANNUAL PROGRAM REPORTS. Not later than December 1 of each year, the commission shall provide a written report to the governor, lieutenant governor, speaker of the house of representatives, and standing committees of the legislature with primary jurisdiction over the program. The report must include:

(1) a line-item list of all program administrative costs incurred by the commission;

(2) the amount of the pharmacy benefit manager and third-party administrator fees;

(3) the aggregate amounts of rebates anticipated and received for the program; and

1 (4) other program expenditures as the commission
2 determines appropriate.

3 SECTION 3. INSULIN STUDY. (a) In this section,
4 "commission" means the Health and Human Services Commission.

5 (b) The commission shall conduct a study on the development
6 and implementation of the prescription drug savings program
7 established by Chapter 65, Health and Safety Code, as added by this
8 Act, in providing post-rebate insulin to enrollees. The commission
9 shall determine the effectiveness of the program in providing
10 insulin-related services to uninsured individuals in this state and
11 any legislative recommendations for improvements to the program.

12 (c) Not later than February 14, 2023, the commission shall
13 provide a written report of the results of the study conducted under
14 Subsection (b) of this section to the governor, lieutenant
15 governor, speaker of the house of representatives, and members of
16 the standing committees of the legislature with primary
17 jurisdiction over the commission. The study must include at least
18 six months of information on use by and cost to enrollees for
19 prescription insulin.

20 SECTION 4. GENERAL STUDY. (a) In this section,
21 "commission" means the Health and Human Services Commission.

22 (b) The commission shall conduct a study on the development
23 and implementation of the prescription drug savings program
24 established by Chapter 65, Health and Safety Code, as added by this
25 Act, in providing to enrollees all of the post-rebate formulary of
26 prescription drugs. The commission shall determine the
27 effectiveness of the program in providing insulin-related services

1 to uninsured individuals in this state and any legislative
2 recommendations for improvements to the program.

3 (c) Not later than February 14, 2025, the commission shall
4 provide a written report on the results of the study conducted under
5 Subsection (b) of this section to the governor, lieutenant
6 governor, speaker of the house of representatives, and standing
7 committees of the legislature with primary jurisdiction over the
8 commission. The study must include at least one year of information
9 on use by and cost to enrollees for all of the formulary of
10 prescription drugs.

11 SECTION 5. TRANSITION. The Health and Human Services
12 Commission is not required to submit the initial report under
13 Section 65.204, Health and Safety Code, as added by this Act, until
14 December 1, 2022.

15 SECTION 6. RULES. As soon as practicable after the
16 effective date of this Act, the executive commissioner of the
17 Health and Human Services Commission and any other state agency
18 designated by the executive commissioner shall adopt rules
19 necessary to implement Chapter 65, Health and Safety Code, as added
20 by this Act.

21 SECTION 7. EFFECTIVE DATE. This Act takes effect September
22 1, 2021.

ADOPTED

MAY 22 2021

Latey Spaw
Secretary of the Senate

By: Kolkhorst

H.B. No. 18

Substitute the following for H.B. No. 18:

By: Bob Hall

C.S.H.B. No. 18

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(3) "Pharmacy benefit manager" has the meaning
assigned by Section 4151.151, Insurance Code.

(4) "Prescription drug" has the meaning assigned by
Section 551.003, Occupations Code.

(5) "Program" means the prescription drug savings
program established under this chapter.

(6) "Uninsured individual" means an individual

1 without health benefit plan coverage for a prescription drug
2 benefit.

3 Sec. 65.002. CONSTRUCTION OF CHAPTER; PURPOSE. (a) This
4 chapter does not establish an entitlement to assistance in
5 obtaining benefits for uninsured individuals.

6 (b) The purpose of this chapter is to establish a program to
7 provide uninsured individuals access to prescription drug benefits
8 using money from the fund to pay an amount equal to the value of a
9 prescription drug rebate at the point of sale and returning that
10 rebate amount to the fund to ensure the amounts credited to the fund
11 equal the amounts paid from the fund.

12 (c) This chapter does not expand the Medicaid program.

13 Sec. 65.003. RULES. The executive commissioner shall adopt
14 rules as necessary to implement this chapter.

15 SUBCHAPTER B. ESTABLISHMENT AND ADMINISTRATION OF PRESCRIPTION
16 DRUG SAVINGS PROGRAM

17 Sec. 65.051. ESTABLISHMENT OF PROGRAM. (a) The commission
18 shall develop and design a prescription drug savings program that
19 partners with a pharmacy benefit manager to offer prescription
20 drugs at a discounted rate to uninsured individuals.

21 (b) In developing and implementing the program, the
22 commission shall ensure the program benefits do not include
23 prescription drugs used for the elective termination of a
24 pregnancy.

25 (c) The executive commissioner shall ensure the program is
26 designed to provide the greatest possible value to uninsured
27 individuals served by the program, while considering the adequacy

1 of the prescription drug formulary, net costs of the drugs to
2 enrollees, cost to the state, and other important factors
3 determined by the commission.

4 Sec. 65.052. GENERAL POWERS AND DUTIES OF COMMISSION
5 RELATED TO PROGRAM. (a) The commission shall oversee the
6 implementation of the program and coordinate the activities of each
7 state agency involved in that implementation.

8 (b) The commission shall design the program to be cost
9 neutral by collecting prescription drug rebates after using money
10 in the fund in amounts equal to the rebate amounts to purchase
11 prescription drugs.

12 (c) The commission shall develop procedures for accepting
13 applications for program enrollment, including a process to:

14 (1) determine eligibility, screening, and enrollment
15 procedures that allow applicants to self attest to the extent
16 authorized by federal law; and

17 (2) resolve disputes related to eligibility
18 determinations.

19 (d) The commission shall publish on an Internet website all
20 average consumer costs for each prescription drug available through
21 the program.

22 (e) The commission and the contracted pharmacy benefit
23 manager shall integrate manufacturer and other third-party patient
24 assistance programs into the program to the extent feasible. A
25 manufacturer or other third party may decline to link the
26 manufacturer's or third party's patient assistance program to the
27 program. The commission shall give preference to integrating

1 patient assistance programs by listing information on those patient
2 assistance programs in a central location on the Internet website
3 described by Subsection (d) that directs patients to those patient
4 assistance programs as appropriate.

5 (f) The commission shall ensure the program has access to an
6 adequate pharmacy network and give preference to conducting the
7 program using a state pharmaceutical assistance program.

8 (g) The commission is not required to enter into stand-alone
9 contracts under this chapter. The commission may add the program,
10 wholly or partly, to existing contracts to increase efficiency.

11 Sec. 65.053. PHARMACY BENEFIT MANAGER CONTRACT,
12 MONITORING, AND REPORTING REQUIREMENTS. (a) The commission shall
13 contract with a pharmacy benefit manager to provide discounted
14 prescription drugs to enrollees under the program.

15 (b) The commission shall monitor through reporting or other
16 methods the contracted pharmacy benefit manager to ensure
17 performance under the contract and quality delivery of services.

18 (c) The contracted pharmacy benefit manager shall report to
19 the commission on the commission's request information related to
20 the program, including information on rebate amounts, prescription
21 drug rates contracted with pharmacies, administrative costs, and
22 out-of-pocket costs paid by enrollees at the point of sale of the
23 prescription drugs.

24 Sec. 65.054. CONTRACT FUNCTIONS. (a) The commission may
25 contract with a third-party administrator or other entity to
26 perform any or all program functions for the commission under this
27 chapter.

1 (b) A third-party administrator or other entity may perform
2 tasks under a contract entered into under Subsection (a) that would
3 otherwise be performed by the commission.

4 Sec. 65.055. COMMUNITY OUTREACH CAMPAIGN. The commission
5 shall conduct or contract to conduct a community outreach and
6 education campaign in the form and manner determined by the
7 commission to provide information on the program's availability to
8 eligible individuals.

9 SUBCHAPTER C. TRUST FUND; PROGRAM SUSPENSION

10 Sec. 65.101. ESTABLISHMENT OF FUND. (a) A trust fund is
11 established outside the state treasury for the purposes of this
12 chapter.

13 (b) The fund consists of:

14 (1) gifts, grants, and donations received by this
15 state for the purposes of the fund;

16 (2) legislative appropriations of money for the
17 purposes of this chapter;

18 (3) federal money available to this state that by law
19 may be used for the purposes of this chapter; and

20 (4) interest, dividends, and other income of the fund.

21 (c) The commission shall administer the fund as trustee for
22 the benefit of the program established by this chapter.

23 (d) Money in the fund may be used only to administer the
24 program and provide program services.

25 (e) The commission shall ensure money spent from the fund to
26 assist enrollees in purchasing prescription drugs is cost neutral
27 after collecting the prescription drug rebates under the program.

1 (f) The commission may solicit and accept gifts, grants, and
2 donations for the fund.

3 Sec. 65.102. SUFFICIENT FUNDING REQUIRED. Notwithstanding
4 any other provision of this chapter, the commission is not required
5 to implement the program unless money is provided and by law made
6 available for deposit to the credit of the fund.

7 Sec. 65.103. SUSPENSION OF PROGRAM. On the fourth
8 anniversary of the date the program is established, the commission
9 shall suspend the program and seek legislative approval to continue
10 the program unless the ongoing costs of administering the program
11 are fully funded through enrollee cost sharing.

12 SUBCHAPTER D. PROGRAM ELIGIBILITY AND ENROLLEE REQUIREMENTS

13 Sec. 65.151. ELIGIBILITY CRITERIA. (a) Except as provided
14 by Subsection (b), an individual is eligible for benefits under the
15 program if the individual is:

16 (1) a resident of this state;

17 (2) a citizen or lawful permanent resident of the
18 United States; and

19 (3) uninsured, as determined by the commission.

20 (b) If the commission determines necessary, the commission
21 may consider an applicant's financial vulnerability as an
22 additional factor for determining program eligibility.

23 Sec. 65.152. COST SHARING. (a) To the extent necessary,
24 the commission shall require enrollees to share the cost of the
25 program, including requiring enrollees to pay a copayment at the
26 point of sale of a prescription drug.

27 (b) The commission must:

1 (1) allow an enrollee to pay all or part of the
2 enrollee's share from any source the enrollee selects; and

3 (2) accept another assistance program if that
4 assistance program wholly or partly covers the enrollee share of
5 the prescription drug cost.

6 (c) The commission shall require an enrollee to pay a
7 copayment to compensate the pharmacy, pharmacy benefit manager, and
8 commission for the costs of administering the program in accordance
9 with Subsection (d) and under the methodology determined by the
10 commission.

11 (d) Enrollees shall pay the costs of ongoing administration
12 of the program through an additional charge at the point of sale of
13 an eligible prescription drug only if the total number of enrollees
14 in the program allows for the additional charge to be an amount not
15 to exceed the lesser of:

16 (1) an amount similar to the amount charged for a
17 prescription drug in other state pharmaceutical assistance
18 programs administered by the commission; or

19 (2) 10 percent of the total amount charged at the point
20 of sale for the prescription drug.

21 SUBCHAPTER E. OPERATION OF PROGRAM

22 Sec. 65.201. PROGRAM BENEFITS. The commission must approve
23 program benefits offered under this chapter. The commission shall
24 ensure the benefits comply with all applicable federal and state
25 laws, rules, and regulations.

26 Sec. 65.202. REPORTING. (a) A third-party administrator,
27 pharmacy benefit manager, or any other entity the commission

1 contracts with under Section 65.054 shall report to the commission
2 in the form and manner prescribed by the commission on the benefits
3 and services provided under the program.

4 (b) The commission shall establish a procedure to monitor
5 the provision of benefits and services under this chapter.

6 Sec. 65.203. FRAUD PREVENTION. The executive commissioner
7 by rule shall develop and implement fraud prevention and detection
8 for pharmacy benefit managers, contracted third parties, and other
9 entities involved in the program.

10 Sec. 65.204. ANNUAL PROGRAM REPORTS. Not later than
11 December 1 of each year, the commission shall provide a written
12 report to the governor, lieutenant governor, speaker of the house
13 of representatives, and standing committees of the legislature with
14 primary jurisdiction over the program. The report must include:

15 (1) a line-item list of all program administrative
16 costs incurred by the commission;

17 (2) the amount of the pharmacy benefit manager and
18 third-party administrator fees;

19 (3) the aggregate amounts of rebates anticipated and
20 received for the program; and

21 (4) other program expenditures as the commission
22 determines appropriate.

23 SECTION 3. INSULIN STUDY. (a) In this section,
24 "commission" means the Health and Human Services Commission.

25 (b) The commission shall conduct a study on the development
26 and implementation of the prescription drug savings program
27 established by Chapter 65, Health and Safety Code, as added by this

1 Act, in providing post-rebate insulin to enrollees. The commission
2 shall determine the effectiveness of the program in providing
3 insulin-related services to uninsured individuals in this state and
4 any legislative recommendations for improvements to the program.

5 (c) Not later than February 14, 2023, the commission shall
6 provide a written report of the results of the study conducted under
7 Subsection (b) of this section to the governor, lieutenant
8 governor, speaker of the house of representatives, and members of
9 the standing committees of the legislature with primary
10 jurisdiction over the commission. The study must include at least
11 six months of information on use by and cost to enrollees for
12 prescription insulin.

13 SECTION 4. GENERAL STUDY. (a) In this section,
14 "commission" means the Health and Human Services Commission.

15 (b) The commission shall conduct a study on the development
16 and implementation of the prescription drug savings program
17 established by Chapter 65, Health and Safety Code, as added by this
18 Act, in providing to enrollees all of the post-rebate formulary of
19 prescription drugs. The commission shall determine the
20 effectiveness of the program in providing prescription
21 drug-related services to uninsured individuals in this state and
22 any legislative recommendations for improvements to the program.

23 (c) Not later than February 14, 2025, the commission shall
24 provide a written report on the results of the study conducted under
25 Subsection (b) of this section to the governor, lieutenant
26 governor, speaker of the house of representatives, and standing
27 committees of the legislature with primary jurisdiction over the

1 commission. The study must include at least one year of information
2 on use by and cost to enrollees for all of the formulary of
3 prescription drugs.

4 SECTION 5. TRANSITION. (a) The Health and Human Services
5 Commission is not required to submit the initial report under
6 Section 65.204, Health and Safety Code, as added by this Act, until
7 December 1, 2022.

8 (b) The Health and Human Services Commission is required to
9 implement a provision of this Act only if the legislature
10 appropriates money specifically for that purpose. If the
11 legislature does not appropriate money specifically for that
12 purpose, the Health and Human Services Commission may, but is not
13 required to, implement a provision of this Act using other
14 appropriations available for that purpose.

15 SECTION 6. RULES. As soon as practicable after the
16 effective date of this Act, the executive commissioner of the
17 Health and Human Services Commission and any other state agency
18 designated by the executive commissioner shall adopt rules
19 necessary to implement Chapter 65, Health and Safety Code, as added
20 by this Act.

21 SECTION 7. EFFECTIVE DATE. This Act takes effect September
22 1, 2021.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 23, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB18** by Oliverson (Relating to establishment of the prescription drug savings program for certain uninsured individuals.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, As Passed 2nd House : an impact of \$0 through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill. The Health and Human Services Commission is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but are not required to, implement a provision of this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>New Trust Fund Outside of the Treasury</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$36,872,031)	8.4
2023	(\$28,783,920)	8.4
2024	(\$29,035,389)	8.4
2025	(\$28,536,901)	8.4
2026	(\$28,538,462)	8.4

Fiscal Analysis

The bill would amend the Health and Safety Code to require the Health and Human Services Commission (HHSC) to develop and implement a prescription drug savings program that partners with a pharmacy benefit manager (PBM) to make prescription drugs available at a discounted rate to uninsured individuals. The bill would allow HHSC to contract with a third-party administrator or other entity to administer the program. Individuals who are residents of Texas, citizens or lawful permanent residents of the United States, and

uninsured, as determined by HHSC, would be eligible for the program. The bill would also allow HHSC to consider an applicant's financial vulnerability as an additional factor in determining eligibility.

The bill would require HHSC to publish, on the commission's website, all average consumer costs for each prescription drug available through the program.

The bill would require HHSC and the contracted PBM to integrate manufacturer and other third-party patient assistance programs into the program to the extent feasible.

The bill would require HHSC to conduct a community outreach and education campaign to provide information regarding the program.

The bill would establish a trust fund outside of the state treasury for purposes of the program. The fund would consist of: gifts, grants, and donations received for the fund; legislative appropriations; federal money available to be used for the program; and interest, dividends, and other income of the account. HHSC would administer the fund as trustee for the benefit of the program. HHSC would be required to ensure money spent from the fund is cost neutral after collecting prescription drug rebates under the program. The bill would allow HHSC to solicit and accept gifts, grants, and donations for the account.

If, on the fourth anniversary of the program, enrollee cost sharing does not fully fund ongoing costs of administering the program, HHSC would be required to suspend the program and seek legislative approval to continue its operation.

The bill would allow HHSC to implement cost sharing requirements for program enrollees.

The bill would require HHSC to implement fraud prevention and detection procedures for entities involved in the program.

The bill would require HHSC to submit annual reports regarding the program.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing post-rebate insulin to enrollees and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislature with jurisdiction over HHSC not later than February 14, 2023.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing to enrollees all of the post-rebate formulary of prescription drugs and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislature with jurisdiction over HHSC not later than February 14, 2025.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

Based on information provided by HHSC, the agency would need an additional 8.4 FTEs in each fiscal year to implement the provisions of the bill. The estimated cost for the additional FTEs is \$1.1 million in fiscal year 2022 and \$1.0 million in each subsequent year.

Several technology projects would have to be undertaken in order to implement the provisions of the bill, including: \$19.0 million in fiscal year 2022, and \$16.0 million in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; \$2.0 million in fiscal year 2022 to implement provider enrollment technology; \$1.6 million in fiscal year 2022 to modify the Texas Integrated Eligibility Redesign System (TIERS); and \$0.9 million in fiscal year 2022 to modify the Eligibility Support Technology (EST).

According to HHSC, the estimated cost for client enrollment activities, including processing enrollments and managing a call center, is \$11.0 million in each fiscal year.

According to HHSC, the estimated cost of the reports and studies required by the bill is \$1.3 million in fiscal year 2022, \$0.8 million in fiscal year 2023, \$1.0 million in fiscal year 2024, and \$0.5 million in each subsequent year.

The cost of client services would vary depending on the scope of the program. However, one-time investment of funding for the rebateable portion of prescription costs would be required regardless of program scope. After the initial investment, it is assumed subsequent rebate collections would replenish the trust fund and support continued operation of the program. For example, HHSC estimates that coverage of insulin would require a one-time investment of \$147.3 million. Funding for this purpose is not included in the table above.

Based on information provided by the Comptroller of Public Accounts, it is assumed that any administrative costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

Estimated technology costs are \$23.5 million in fiscal year 2022 and \$16.0 million in each subsequent year, including: \$19.0 million in fiscal year 2022, and \$16.0 million in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; \$2.0 million in fiscal year 2022 to implement provider enrollment technology; \$1.6 million in fiscal year 2022 to modify TIERS; \$0.9 million in fiscal year 2022 to modify EST; and less than \$0.1 million in each fiscal year for FTE-related technology costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Hlth & Human Svcs Comm
LBB Staff: JMc, LBO, AKI, JLI, RD, AAL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 20, 2021

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB18** by Oliverson (Relating to establishment of the prescription drug savings program for certain uninsured individuals.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, Committee Report 2nd House, Substituted : an impact of \$0 through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill. The Health and Human Services Commission is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the commission may, but are not required to, implement a provision of this Act using other appropriations available for that purpose.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>New Trust Fund Outside of the Treasury</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$36,872,031)	8.4
2023	(\$28,783,920)	8.4
2024	(\$29,035,389)	8.4
2025	(\$28,536,901)	8.4
2026	(\$28,538,462)	8.4

Fiscal Analysis

The bill would amend the Health and Safety Code to require the Health and Human Services Commission (HHSC) to develop and implement a prescription drug savings program that partners with a pharmacy benefit manager (PBM) to make prescription drugs available at a discounted rate to uninsured individuals. The bill would allow HHSC to contract with a third-party administrator or other entity to administer the program. Individuals who are residents of Texas, citizens or lawful permanent residents of the United States, and

uninsured, as determined by HHSC, would be eligible for the program. The bill would also allow HHSC to consider an applicant's financial vulnerability as an additional factor in determining eligibility.

The bill would require HHSC to publish, on the commission's website, all average consumer costs for each prescription drug available through the program.

The bill would require HHSC and the contracted PBM to integrate manufacturer and other third-party patient assistance programs into the program to the extent feasible.

The bill would require HHSC to conduct a community outreach and education campaign to provide information regarding the program.

The bill would establish a trust fund outside of the state treasury for purposes of the program. The fund would consist of: gifts, grants, and donations received for the fund; legislative appropriations; federal money available to be used for the program; and interest, dividends, and other income of the account. HHSC would administer the fund as trustee for the benefit of the program. HHSC would be required to ensure money spent from the fund is cost neutral after collecting prescription drug rebates under the program. The bill would allow HHSC to solicit and accept gifts, grants, and donations for the account.

If, on the fourth anniversary of the program, enrollee cost sharing does not fully fund ongoing costs of administering the program, HHSC would be required to suspend the program and seek legislative approval to continue its operation.

The bill would allow HHSC to implement cost sharing requirements for program enrollees.

The bill would require HHSC to implement fraud prevention and detection procedures for entities involved in the program.

The bill would require HHSC to submit annual reports regarding the program.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing post-rebate insulin to enrollees and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislature with jurisdiction over HHSC not later than February 14, 2023.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing to enrollees all of the post-rebate formulary of prescription drugs and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislature with jurisdiction over HHSC not later than February 14, 2025.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

Based on information provided by HHSC, the agency would need an additional 8.4 FTEs in each fiscal year to implement the provisions of the bill. The estimated cost for the additional FTEs is \$1.1 million in fiscal year 2022 and \$1.0 million in each subsequent year.

Several technology projects would have to be undertaken in order to implement the provisions of the bill, including: \$19.0 million in fiscal year 2022, and \$16.0 million in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; \$2.0 million in fiscal year 2022 to implement provider enrollment technology; \$1.6 million in fiscal year 2022 to modify the Texas Integrated Eligibility Redesign System (TIERS); and \$0.9 million in fiscal year 2022 to modify the Eligibility Support Technology (EST).

According to HHSC, the estimated cost for client enrollment activities, including processing enrollments and managing a call center, is \$11.0 million in each fiscal year.

According to HHSC, the estimated cost of the reports and studies required by the bill is \$1.3 million in fiscal year 2022, \$0.8 million in fiscal year 2023, \$1.0 million in fiscal year 2024, and \$0.5 million in each subsequent year.

The cost of client services would vary depending on the scope of the program. However, one-time investment of funding for the rebateable portion of prescription costs would be required regardless of program scope. After the initial investment, it is assumed subsequent rebate collections would replenish the trust fund and support continued operation of the program. For example, HHSC estimates that coverage of insulin would require a one-time investment of \$147.3 million. Funding for this purpose is not included in the table above.

Based on information provided by the Comptroller of Public Accounts, it is assumed that any administrative costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

Estimated technology costs are \$23.5 million in fiscal year 2022 and \$16.0 million in each subsequent year, including: \$19.0 million in fiscal year 2022, and \$16.0 million in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; \$2.0 million in fiscal year 2022 to implement provider enrollment technology; \$1.6 million in fiscal year 2022 to modify TIERS; \$0.9 million in fiscal year 2022 to modify EST; and less than \$0.1 million in each fiscal year for FTE-related technology costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Hlth & Human Svcs Comm

LBB Staff: JMc, AKI, JLI, RD, AAL

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 11, 2021

TO: Honorable Lois W. Kolkhorst, Chair, Senate Committee on Health & Human Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by Oliverson (Relating to establishment of the prescription drug savings program for certain uninsured individuals.), **As Engrossed**

The fiscal implications of the bill cannot be determined at this time because the amount of pharmaceutical rebates the Health and Human Services Commission would be able to receive is unknown.

The bill would amend the Health and Safety Code to require the Health and Human Services Commission (HHSC) to develop and implement a prescription drug savings programs that partners with a pharmacy benefit manager (PBM) to make prescription drugs available at a discounted rate to uninsured individuals. The bill would allow HHSC to contract with a third-party administrator or other entity to administer the program. Individuals who are residents of Texas, citizens or lawful permanent residents of the United States, and uninsured, as determined by HHSC, would be eligible for the program. The bill would also allow HHSC to consider an applicant's financial vulnerability as an additional factor in determining eligibility.

The bill would require HHSC to publish, on the commission's website, all average consumer costs for each prescription drug available through the program.

The bill would require HHSC and the contracted PBM to integrate manufacturer and other third-party patient assistance programs into the program to the extend feasible.

The bill would require HHSC to conduct a community outreach and education campaign to provide information regarding the program.

The bill would establish a trust fund outside of the state treasury if the state receives federal funding that may be used for purposes of the program and if the funding is directed to be deposited to the credit of the fund. The fund would consist of: gifts, grants, and donations received for the fund; legislative appropriations; federal money available to be used for the program; and interest, dividends, and other income of the account. HHSC would administer the fund as trustee for the benefit of the program. HHSC would be required to ensure money spent from the fund is cost neutral after collecting prescription drug rebates under the program. The bill would allow HHSC to solicit and accept gifts, grants, and donations for the account. HHSC would be prohibited from implementing the program unless federal funding is provided and available for deposit to the fund. One-time startup costs could only be paid for with federal funding in the fund.

If, on the fourth anniversary of the program, the fund is depleted and the cost of administering the program excess revenue from enrollee cost sharing, HHSC would be required to suspend the program and seek legislative approval to continue its operation.

The bill would allow HHSC to implement cost sharing requirements for program enrollees.

The bill would require HHSC to implement fraud prevention and detection procedures for entities involved in the program.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing post-rebate insulin to enrollees and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislative with jurisdiction over HHSC not later than February 14, 2023.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing to enrollees all of the post-rebate formulary of prescription drugs and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislative with jurisdiction over HHSC not later than February 14, 2025.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

If federal money is available for this purpose, then there would be a significant cost, however, the fiscal implications cannot be determined at this time because the amount of pharmaceutical rebates HHSC would be able to receive is unknown.

If federal money is not available for this purpose, HHSC would be prohibited from implementing the program, and therefore no fiscal implication to the State would be anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Hlth & Human Svcs Comm

LBB Staff: JMc, AKI, JLI, RD, AAL, CMA

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 9, 2021

TO: Honorable Tom Oliverson, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by Oliverson (relating to establishment of the prescription drug savings program for certain uninsured individuals.), **Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined at this time because the amount of pharmaceutical rebates the Health and Human Services Commission would be able to receive is unknown.

The bill would amend the Health and Safety Code to require the Health and Human Services Commission (HHSC) to develop and implement a prescription drug savings programs that partners with a pharmacy benefit manager (PBM) to make prescription drugs available at a discounted rate to uninsured individuals. The bill would allow HHSC to contract with a third-party administrator or other entity to administer the program. Individuals who are residents of Texas, citizens or lawful permanent residents of the United States, and uninsured, as determined by HHSC, would be eligible for the program. The bill would also allow HHSC to consider an applicant's financial vulnerability as an additional factor in determining eligibility.

The bill would require HHSC to publish, on the commission's website, all average consumer costs for each prescription drug available through the program.

The bill would require HHSC and the contracted PBM to integrate manufacturer and other third-party patient assistance programs into the program to the extent feasible.

The bill would require HHSC to conduct a community outreach and education campaign to provide information regarding the program.

The bill would establish a trust fund outside of the state treasury if the state receives federal funding that may be used for purposes of the program and if the funding is directed to be deposited to the credit of the fund. The fund would consist of: gifts, grants, and donations received for the fund; legislative appropriations; federal money available to be used for the program; and interest, dividends, and other income of the account. HHSC would administer the fund as trustee for the benefit of the program. HHSC would be required to ensure money spent from the fund is cost neutral after collecting prescription drug rebates under the program. The bill would allow HHSC to solicit and accept gifts, grants, and donations for the account. HHSC would be prohibited from implementing the program unless federal funding is provided and available for deposit to the fund. One-time startup costs could only be paid for with federal funding in the fund.

If, on the fourth anniversary of the program, the fund is depleted and the cost of administering the program excess revenue from enrollee cost sharing, HHSC would be required to suspend the program and seek legislative approval to continue its operation.

The bill would allow HHSC to implement cost sharing requirements for program enrollees.

The bill would require HHSC to implement fraud prevention and detection procedures for entities involved in the program.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing post-rebate insulin to enrollees and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislative with jurisdiction over HHSC not later than February 14, 2023.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program in providing to enrollees all of the post-rebate formulary of prescription drugs and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislative with jurisdiction over HHSC not later than February 14, 2025.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

If federal money is available for this purpose, then there would be a significant cost, however, the fiscal implications cannot be determined at this time because the amount of pharmaceutical rebates HHSC would be able to receive is unknown.

If federal money is not available for this purpose, HHSC would be prohibited from implementing the program, and therefore no fiscal implication to the State would be anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Hlth & Human Svcs Comm

LBB Staff: JMc, AAL, JLI, RD, CMA

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 29, 2021

TO: Honorable Tom Oliverson, Chair, House Committee on Insurance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB18 by Oliverson (Relating to establishment of the prescription drug savings program for certain uninsured individuals.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB18, As Introduced : a negative impact of (\$64,655,951) through the biennium ending August 31, 2023.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$36,622,031)
2023	(\$28,033,920)
2024	(\$28,035,389)
2025	(\$28,036,901)
2026	(\$28,038,462)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Dept Ins Operating Acct 36	Change in Number of State Employees from FY 2021
2022	(\$36,622,031)	(\$353,804)	11.7
2023	(\$28,033,920)	(\$198,610)	10.0
2024	(\$28,035,389)	(\$161,161)	9.7
2025	(\$28,036,901)	(\$161,161)	9.7
2026	(\$28,038,462)	(\$161,161)	9.7

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to develop and implement a prescription drug savings programs that partners with a pharmacy benefit manager (PBM) to make prescription drugs available at a discounted rate to uninsured individuals. The bill would allow HHSC to contract with a third-party administrator or other entity to administer the program. Individuals who are residents of Texas, citizens of the United States, and uninsured, as determined by HHSC, would be eligible for the program. The bill would also allow HHSC to consider an applicant's financial vulnerability as an additional factor in determining eligibility.

The bill would require HHSC to conduct a community outreach and education campaign to provide information regarding the program.

The bill would require the Texas Department of Insurance (TDI), at the request of HHSC, to provide any necessary assistance with the development of the program.

The bill would require TDI to monitor the quality of services provided by the PBM and resolve disputes relating to those services.

The bill would establish the Texas Cares Account as a dedicated amount in the general revenue fund. The account would consist of: gifts, grants, and donations received for the account; legislative appropriations; federal money available to be used for the program; and interest, dividends, and other income of the account. The bill would allow HHSC to solicit and accept gifts, grants, and donations for the account. The bill would require HHSC to terminate the program if the Texas Cares Account lacked sufficient funding to administer the program.

The bill would allow HHSC to implement cost sharing requirements for program enrollees.

The bill would require HHSC to conduct a study on the development and implementation of the prescription drug savings program and submit the results of the study to the Governor, Lieutenant Governor, Speaker of the House of Representatives, and members of standing committees of the legislative with jurisdiction over HHSC not later than October 16, 2022.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

Based on information provided by TDI, the agency would need an additional 3.3 full-time-equivalents (FTEs) in fiscal year 2022, 1.6 FTEs in fiscal year 2023, and 1.3 FTEs in each subsequent year to implement the provisions of the bill. The estimated cost for the additional FTEs is \$0.4 million in General Revenue-Dedicated Funds in fiscal year 2022, and \$0.2 million in General Revenue-Dedicated Funds in each subsequent year. The estimated cost would be paid from General Revenue-Dedicated Account No. 36, Texas Department of Insurance Operating Account, which is not used for certification.

Based on information provided by HHSC, the agency would need an additional 8.4 FTEs in each fiscal year to implement the provisions of the bill. The estimated cost for the additional FTEs is \$1.1 million in General Revenue in fiscal year 2022 and \$1.0 million in General Revenue in each subsequent year.

According to HHSC, several technology projects would have to be undertaken in order to implement the provisions of the bill, including: \$19.0 million in General Revenue in fiscal year 2022, and \$16.0 million in General Revenue in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; \$2.0 million in General Revenue in fiscal year 2022 to implement provider enrollment technology; \$1.6 million in General revenue in fiscal year 2022 to modify the Texas Integrated Eligibility Redesign System (TIERS); and \$0.9 million in General Revenue in fiscal year 2022 to modify the Eligibility Support Technology (EST).

According to HHSC, the estimated cost for client enrollment activities, including processing enrollments and managing a call center, is \$11.0 million in General Revenue in each fiscal year.

According to HHSC, the estimated cost of the study required by the bill would be \$1.0 million in General Revenue in fiscal year 2022.

As the bill states that this chapter does not establish an entitlement to assistance, the analysis assumes that program enrollees, not HHSC, would be responsible for the after-discount cost of prescription drugs.

Based on information provided by the Comptroller of Public Accounts, it is assumed that any administrative costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Technology

Estimated technology costs are \$23.5 million in All Funds in fiscal year 2022 and \$16.0 million in All Funds in each subsequent year, including: \$19.0 million in fiscal year 2022, and \$16.0 million in subsequent years, to implement a pharmacy infrastructure to process claims, rebates, and prior authorizations and conduct utilization review; \$2.0 million in fiscal year 2022 to implement provider enrollment technology; \$1.6 million in fiscal year 2022 to modify TIERS; \$0.9 million in fiscal year 2022 to modify EST; and less than \$0.1 million in each fiscal year for FTE-related technology costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 529 Hlth & Human Svcs Comm
LBB Staff: JMc, AAL, JLI, RD